

FABIAN QUARTERLY

NUMBER 55
CONTAINING

Private Enterprise
and Public Policy *by* F. A. Cobb, M.P.

The Reform of
Local Government *by* Peter Self

Bulk Purchase *by* Jack Blitz

Margate, Manpower
and International Trade *by* Harold Davies, M P

Can the United Nations
Succeed? *by* Arnold Forster

Book Reviews

AUTUMN 1947

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ONE SHILLING

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● DOUBLE, DOUBLE

A Quarterly has this great advantage over a weekly: the reader feels that it need not be read for three months and can therefore be safely lost. In the case of the *Fabian Quarterly* such treatment is a grave injustice, so do not, we ask you, inter this number in the pile of things you promise to read another day, but lend it to a friend. If you play your cards well, you can use the *Quarterly* to introduce him to other aspects of the Society's work and from your knowledge of his special interests you can point out such of our past publications and such sections of our current Research Programme as would make the strongest appeal to him. This is one of your responsibilities as a member of the Society. Our work is not a secret treasure for a charmed circle but a message which members should carry to a wider public. It is certain that thousands more would join the Society, be active, increase our influence—if only someone would tell them why and how. That someone is you: you can be our salesman and our missionary. To help you in this task the Executive Committee has decided to launch a Membership Campaign during which each member will be asked to make at least one recruit before the end of the year. This is not the place to repeat the plans of the campaign which are described in a separate letter sent to all members of the Society with this issue of the *Quarterly*. Will you read that letter and see what you can do? Remember that there has never been a greater need for the spread of Fabianism. The whole Labour movement must not only think with courage and clarity about the issues of today, but must also look forward to the future problems which will be posed by the transition to socialism. As these are tasks of great magnitude and difficulty for which local units of the movement have not been fully prepared by their traditions and practices, the Society can fill a role of decisive value if there are enough individual Fabians informed with facts, trained to think, possessed of intellectual initiative, able to invigorate and enrich the Labour movement in every part of the country. That is the reason for our Membership campaign. Will you do your share and recruit at least one new member before the end of the year?

ANDREW FILSON.

● PRIVATE ENTERPRISE and PUBLIC POLICY

by F. A. COBB, M P

"The Slothful man saith: there is a lion without, I shall be slain in the streets" PROV. 22 : 13.

PLANNING

Some read about planning, others have talked of planning; a few have done it. Among the former it is not always realised that planning starts with *estimating* what the consumers want, or what they are going to want; a job which requires intelligence, skill and experience of a high order. Estimates have in turn to be translated into *production*, when the trials and tribulations of the producers have to be taken into account; for production must be arranged in such a way that capacity can be utilised to the best advantage, at the same time the producers endeavour to produce what is wanted, when it is wanted, at good quality and low cost. Yet, when all this has been taken into consideration the resulting production will not necessarily equal the estimate; thus production brings us to a third stage, namely, *distribution*; or the allocation of the goods produced. This conflict between consumers' wants and production convenience has always existed, and the allocation programme rarely matches with the original estimates.

Who is to do this estimating? It is most unlikely that the Civil Service can. They could, of course, base themselves on market surveys, but the leaders in the various industries should be able to do it with far greater accuracy, because the efficient and progressive ones have been doing this for years. If they can be provided with better market survey information then their accuracy will increase.

Who is to check the performance of the production units? No plan is effective unless the results are checked and failures investigated. It is all too true that production is not yet a science in this country, although it should be; and those in a position to know admit that in any given industry there is a wide variation between the efficiency of the best and that of the worst. How are we going to see that the efficient producers are encouraged and held up as a shining light to the inefficient, and how is it proposed, in a democratic society such as ours, to see that those who fail to make effective use of the resources entrusted to them,

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and who are the real enemies of the common man, are made to account for their stewardship; either relinquishing it into more capable hands or conforming to modern standards?

Finally, there is the question of the distribution of goods, which is the last stage in the operation of an agreed plan. But it is the former stages which we are now examining; the problems of distribution will be eased to the extent that the preceding operations are correctly arranged.

PUBLICISING THE PLAN

We are assured that, based upon careful garnered facts, a National Plan will soon emerge. How are we going to make it work? To be successful it has to be understood and accepted as a reasonable plan by our "production teams" each comprising the workers and management co-operating together, so that all branches of industry plan ahead within the National Framework; thus energised by an intelligent zeal, new plant will be installed where necessary; modern methods instituted; and research promoted and encouraged: so that the individual targets are reached, not only as to quantity, but quality and cost also. All this must be explained to, and discussed and understood, by the public.

We all realise the good effect produced by everyone knowing what they are expected to do, especially when the aim has previously been discussed and agreed by all concerned. To obtain this condition each industry and each unit within that industry must know what it is expected to do, which means that the National Plan must be geared to each industry in turn from the national level down to the floor of each shop; but again let it be said, no production plan is effective if performance against it isn't continually checked and examined, defects discussed, and energetic and effective remedies pursued.

GEARING PRIVATE ENTERPRISE TO THE NATIONAL PLAN

We are assured that this problem presents no difficulties in the case of Public Corporations; which assurance will probably be borne out if the promise to consult the workers at all levels is put into practice, for this will ensure that defects are made known and corrected. Obviously public enterprises can be geared to the National Plan; how do we set about harnessing private enterprise, so that it conforms to public policy?

Some 360,000 industrial undertakings are involved; there are probably over a million shops in the country. How far do we go in detail of planning and explaining? How does each industry with its satellites learn their part? How to check the saboteurs? While industrial owners must conform to public policy, indeed, more than a few strive to do so, they are entitled to ask and to know what that is as applied to each one of them. How can the initiative of our "Production Teams" be allowed full play within the National Planning Framework without time wasting, frustration, increases in the Civil Service or endangering the free operation of democratic methods?

The Industrial Organisation Bill does not help us. Tripartite bodies superimposed on existing organisations, and which deal at high levels

between Research Associations and big companies does not get down to the real "grass roots" of industry. Something far more practical and simple and within the grasp of the smaller manufacturers is required.

Can the existing machinery of the Trade Unions and Trade Associations be developed to solve this problem without fostering at the same time the beginning of the Corporative State? Many Trade Associations are far from suitable for our purpose, for the salesman commercial attitude too often predominates; while too much secrecy surrounds production programmes. In others the Association is dominated by the big entities in the industry to the disadvantage of the smaller manufacturer, whereby the latter tend to be organised out of business. Distribution interests are seldom represented on Trade Association Councils. The existing trade organisations, moreover, are often a convenient vehicle for contact between industry and an over-worked Civil Service, which again may result in the small manufacturer being disregarded or overlooked.

Nevertheless, it is probable that the necessary framework is here presented to us, if modifications along the following lines can be agreed to.

Let the producers have a greater voice in the trade associations; include the distributors; then let each Trade Association Council include several public representatives whose job it shall be to represent the small manufacturer and the consumer. They should visit the small manufacturers at regular intervals, and it would probably be advisable to pay them. There should also be adequate safeguards against their being unduly influenced by the dominant interests in the industry. One of these public representatives could perhaps be chosen from trade union ranks.

If reorganised trade associations of this description meet our need for carrying the National Plan down to the smallest units in industry, we still have to check performance against the plan. Rebels there may be, failures there will be; managerial Canutes will try to push back the waves of progress. Could the trade unions be the agency for bringing these problems into the open or provide machinery for getting them put right? Do the trade unions want to do it? *Works Councils are the solution*—and the best arrangement is for them to be started by a willing management in co-operation with their workpeople. Failing this the trade unions must provide the initiative.

WORKS COUNCILS : THE NEW INDUSTRIAL DEMOCRACY

The Trade Unions could be an appropriate democratic vehicle for vitalising managements and workpeople, by promoting Works Councils wherever they are necessary; for effective Works Councils would take care of most of these problems, and would eliminate to some extent the necessity for showing up at regional and central levels cases of persistent non co-operation or inefficiency; for the right place to correct these deficiencies is on the floor of the shop concerned, not at the Board of Regional Councils and the like.

Before the war there were only some 1,000 concerns employing more than 1,000 people. These large companies do not present the

same kind of problem, as the majority of their workpeople already belong to Trade Unions. But in the smaller companies Trade Unionism is not so strong, and where a small proportion of the workpeople are members even these may be divided between a number of Trade Unions. With an effective Works Council this may be good, and something to be fostered, otherwise it may be that industrial Trade Unions will have once more to be considered.

Is it not likely that the decline and fall of Production Committees since the war has been in some measure due to many factories having but few members of any one Trade Union? Nevertheless, the Trade Unions would be once more leading the way to improving the living standard of our people if they were to tackle this job. The arrangement here suggested is a development of the Works Council idea. The Trade Associations on behalf of their individual units would agree their part of the National Plan with the Government, after discussing it with Works Council representatives. The Trade Unions as part of the Works Council organisation would discuss and suggest at all levels. They could bring up at the highest level of their industry defects, failures and the like, and with reasonable co-operation on both sides industry would step forward with renewed vitality and efficiency. Thus can we take the next practical step forward in encouraging workers and management together, truly to work for the common good. Machinery evolved along these lines is essentially democratic. It is voluntary and avoids any increase in the Civil Service. Everyone involved could have full opportunity for using their talents. If we cannot devise methods which at least conform with this specification, what then is there to prevent private industry from falling back into its pre-war state of anarchy?

● The REFORM of LOCAL GOVERNMENT

by PETER SELF

The Local Government Boundary Commission, which was set up under an Act passed two years ago by the Coalition Government, has announced this summer a number of its first decisions. All of them are intended to be provisional. The reason for this is not far to seek. The Commission, although its legal powers are extensive, has not been given a political mandate for undertaking a drastic remodelling of local government structure—which is what is really required. Its major decisions require Parliamentary confirmation; it has been issued with a set of rather vague and timid “general directions” by the Minister of Health; and it has not even the legal power to set up a new genus of local authority—that is, an authority with somewhat different functions and relationships from a county borough, a county or any other class of authority now in existence. It can amalgamate (with discretion) but it cannot initiate. Yet novelty as well as boldness is called for if an efficient and popular system of local government is to be brought into being.

It would not have been altogether surprising if the Commission, in face of the difficulty of doing otherwise, had contented itself with minor reforms and had reviewed the country in piecemeal fashion. Instead it has set about its task in the right way—that of making up its mind on what should be the ideal future structure of local government before reaching final decisions in particular cases. It is rightly treating itself as a commission of inquiry. Some immediate decisions could not be avoided, since a number of county boroughs are crying out for more land on which to rehouse their surplus populations. For instance, boundary extensions have been awarded to Plymouth, Southampton, Hull, St. Helens, Oldham, Sunderland, Bootle, and to one non-county borough (Luton); Grimsby has had its case turned down. Not all of these overcrowded county boroughs have been given the extensions they asked for. Plymouth, for instance, although it has been doubled in size, has not been allowed to expand either to east or to west, across Tamar or Tavy, to form the ideal planning unit suggested by Sir Patrick Abercrombie. But the decisions to date are sound interim ones, which in some cases are feeling the way to a broader solution.

The truth is that the Commission is now well aware that it would be a grave mistake to give their way to all or most of the county boroughs demanding large extensions—even though a sound case is made for

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extension (as it usually can be) in each individual case. Such a solution would create as many problems as it solves. It would wreck the fabric of county government; and it would create new urban units which—while much better than the present ones—would not suffice to give the unitary planning control of major services which is wanted in great industrial conglomerations such as South Lancashire or the West Riding.

THE CASE OF LANCASHIRE

Lancashire in fact illustrates the Commission's central problem—and, incidentally, it may also—given enough boldness—be one of the areas where it is easiest to find a satisfactory if novel solution. The densely populated geographical county of Lancashire contains eighteen county boroughs. Despite the presence of so many county boroughs, the administrative county which comprises the remainder of Lancashire is one of the richest and most populous in the country, owing to the large number of non-county boroughs and urban districts that mingle with the county boroughs in the main industrial areas. The present set-up is unsatisfactory. Some of the county boroughs are too small for efficient administration of major services, most of them have burst their borders for housing and development purposes.

Thus, naturally, they want to expand. The Boundary Commission points out that the effect of the proposals made to it by fourteen county boroughs¹ in South Lancashire would be

to create a solid block of county boroughs throughout the whole of South and East Lancashire, stretching from Burnley in the north-east via Stockport in the south-east to Bootle in the south-west. This would reduce the area of Lancashire County from 1,832,000 to 703,000 acres; its rateable value from £11,872,000 to £4,483,000; and the product of a penny rate from £47,250 to £17,950. Further, 15 non-county boroughs, 42 urban district councils, and one rural district would cease to exist through absorption into county boroughs

Such an arrangement would doubtless be better than the present muddle of authorities in South Lancashire; but it would be far from satisfactory. It would leave a truncated and weakened rump of Lancashire county and it would fail to solve the planning problems of Manchester and Merseyside. From the viewpoint of town-planning and of certain other major services, the industrial and population structure of southern Lancashire calls for two major units, not thirteen. There are two regions, one of which centres naturally on Manchester, the other on Liverpool. The sphere of influence of these two large county boroughs now far transcends their borders, and both (especially Manchester) require space for the rehousing and recreation of their overcrowded populations. Moreover, each town is surrounded by a number of other smaller but important industrial towns, and this surrounding area is so congested that the most careful planning is necessary to co-ordinate the needs of

¹ Blackburn, Bolton, Bootle, Burnley, Bury, Liverpool, Manchester, Oldham, Rochdale, St. Helens, Salford, Stockport, Warrington and Wigan.

these different authorities, to find the proper sites for satellite towns and major open spaces, and to preserve good agricultural land. This can only be done if there is a single planning authority for both the Manchester region and the Merseyside region.

THREE RIDINGS FOR LANCASHIRE ?

These considerations have led up to a suggestion made some time ago that all the county boroughs in Lancashire should be abolished—or, strictly speaking, “demoted” to the status of non-county boroughs—and that the county should be divided into three “ridings”—a Manchester County, a Merseyside County, and a North Lancashire County. This is the extreme form of an idea which was originally put forward voluntarily by Manchester and Salford county boroughs, and some 25 neighbouring authorities, in which the Boundary Commission has expressed strong interest. The details of local negotiations and opinions need not concern us; it is enough here to get a picture of the type of local government pattern that might emerge, from the viewpoint of its national application.

The typical English administrative county consists mainly of rural areas, and small towns (and sometimes suburban areas), since such major towns as it contains are usually county boroughs and consequently outside its competence. A Manchester or Merseyside “county” would be quite unlike this pattern, although it would have some resemblance to the County of London and to Middlesex. It would be smaller, richer, more populous and much more urban than the normal county and would, of course, contain no independent administrative “islands” within it. It should ideally be given different functions and wider functions from the normal “county” functions, and a point in its favour is that it would be capable of administering a number of services that should be entrusted to local government, but which at present are being transferred elsewhere partly because of the unsuitability of the present local government structure.¹ Moreover, the relations between these new counties and the smaller authorities (or county districts) under them should also, preferably, be novel. The county districts inside a County of Manchester would vary among themselves in size and population even more than in a typical old-style English county—indeed, the present county borough of Manchester itself would be relegated, in the first instance, to a single outsize county district.

There are two ways in which the minor authorities in such an area might be constituted. One would be to grade county districts in a new hierarchy, giving them widely varying duties and privileges. This would preserve the dignity of ex-county boroughs and avoid the need to subdivide any of them. Alternatively, a simplifying process could be set on foot and by means both of amalgamating and of dividing existing local authorities, county districts could be made approximately equal—or

¹ For instance, Manchester county should form a satisfactory hospitals region. Its optimum area would be somewhat similar to that now covered by an existing advisory planning committee, and would form a fairly good unit for the administration of most public utilities.

at any rate not wildly dissimilar—in respect of population and resources; this would probably mean, for instance, splitting up the present Manchester county borough into several units while joining together certain of the non-county boroughs and urban districts which surround it into larger units. As a result it should be possible to entrust each of the new county districts with approximately equal duties and privileges, and the present distinction between non-county boroughs, urban districts and rural districts could be largely abolished.¹ This idea is, of course, applicable to county government in general and not only to the proposed new urban counties. The thorniest question to settle is the ideal size to aim at for a county district or second-tier authority. Much depends, of course, upon the nature of the area—whether rural or urban—and upon the size of the upper-tier authority. The optimum population for a smaller authority has been put at anything from 10,000 to 300,000—from a neighbourhood unit to the largest of metropolitan boroughs. It is a subject on which theorists can make great play with figures; but in practice it is clear that if the authority itself is to discharge or is to act as agent for a reasonable range of services, it must not be much under 50,000, while if it is to preserve the localised character which is its main *raison d'être*, it must not be much over 150,000. Within this range, it is clear that a county district could be much more populous in an urban than in a rural county.

A TWO-TIER STRUCTURE FOR THE WHOLE COUNTRY ?

Whatever is done about the smaller authorities, it is clear that a satisfactory two-tier structure could be set up for a large urban agglomeration such as the Manchester region. In passing, it must be pointed out that this idea will fail in its purpose of revivifying the esteem and efficiency of local government unless the new "county authority" is given adequate powers, reasonable financial independence and proper prestige—which means, in the first place, that it must be directly elected. But a more immediate question is how far this general idea is capable of application. Is it an idea for Lancashire only or is it for export? Should it be extended to some or all of the large urban and industrial conglomerations in England and Wales? Should the theory be pressed still further, and county boroughs be abolished and a two-tier structure established throughout the entire country? Moreover, how uniform should be the size of the upper-tier authority? This authority has been, and will continue to be, termed a county for convenience (to distinguish it from the all-purpose county borough). But it is clear that a Greater Manchester or Greater Merseyside authority (and still more a Greater London authority if such were created) would be more in the nature of a small region. Should a number of such counties of several million persons exist side by side with rural counties of several hundred thousands?

These questions cannot be easily or simply answered, but the remainder of this article will attempt to set out in outline a possible

¹ The Boundary Commission has already suggested that the distinction between urban and rural districts should be eliminated. It might be necessary to make special provision for the traditional rights and ceremonies of charter boroughs.

reconstruction of the whole local government structure. To start with, it is worth indicating what would be the size of the new authorities in Lancashire if all county boroughs were abolished and the county were split into three.

The population of Manchester County would be 1,800,000, of Merseyside County 1,300,000 and of the North Lancashire County 1,700,000. Each would have a rateable value of over £10 million.

These are minimum, not optimum, figures, taken from an early draft scheme. In practice it would be almost essential to include parts of Cheshire in Manchester and Merseyside counties, and to make other smaller adjustments. Moreover, in order to give the North Lancashire County a rateable value of over £10 million, it has been given Bolton and Wigan which do not properly belong to it. The resulting areas, populations and resources would be reasonably satisfactory. If the whole of England and Wales were split up on the same principle into similar-sized units, it would consist of about 30 "counties" with, of course, no county boroughs. But it could not, of course, be done so simply. Many conurbations, such as Tyneside¹ and Greater London, are well-suited to government by a single major authority on the "Manchester County" model; but the former would have a population of little over one million and the latter of perhaps nine million. Other industrial conurbations—such, perhaps, as the West Riding of Yorkshire—might each lend themselves to being regrouped into several of the new counties. Outside the main urban areas of the country, the population of each new county might be kept a good deal smaller than the suggested Lancashire pattern although a good deal larger than the present counties, some of which would be abolished and others of which would be regrouped around a demoted county borough or county boroughs.

THE NEW COUNTIES

It would in fact be quite feasible to design a two-tier system of local government extending over the whole country which would be considerably better than the present system. The old artificial distinction between town and countryside which is embalmed in the existing structure would be obliterated, and the main cities—instead of being separate and artificially attenuated entities—would fall into place as the administrative centres of their surrounding countryside. The population of the new counties might perhaps vary from a minimum of 250,000 (in a very sparsely-populated rural area) to 2,000,000 in a densely-populated conurbation (and a great deal more in the exceptional case of London). At a very rough guess, there might altogether be perhaps 40 or so new counties or around two-thirds of the present number; but the absorption

¹ The report of the Royal Commission on Tyneside local government says as much. It is worth recollecting that the major unit suggested by the Commission was an enlarged Northumberland County (pop. about 1,150,000), which would include a new *municipal borough* of Tyneside (pop. about 850,000). Thus the conurbation was not to rule itself but was to be tacked on, for major social services, to its rural hinterland. Never, elsewhere, has such an enormous second-tier authority been envisaged! It was suggested, however, that the new municipal borough might run its public utilities.

of the county boroughs would turn them into very different sizes and shapes than the present counties and would give the average new county a population and rateable value at least two-and-a-half times the present average. They would thus become much better-balanced units. Each new county would have the necessary population and resources for the efficient administration of all the major services and public utilities with which it is or should be entrusted.¹ The new counties would contain a better balance of social and occupational classes—and consequently greater financial strength and a broader reservoir of good recruits for local government service—than do the present medley of counties and county boroughs. They would be far better town-planning units, since they would be based on the units of social and industrial cohesion instead of on exclusively nineteenth-century notions of municipal pride and rural traditionalism; they would be designed to serve the needs of an age of rapid transportation and industrial dispersal.

Reconstruction on these lines would not require the violent break with tradition which is so distasteful to the English temperament. The new major units would continue to be called counties and could retain, for the most part, the old county names of blessed historical and sporting memory. Given the necessary political backing, the Local Government Boundary Commission would be well-qualified to draw up the details of such a scheme and to submit them for Parliamentary approval. Moreover, the new system should foster the citizen's interest in local government and his willingness to take part in it. The new counties, unlike a majority of the present counties and county boroughs, would be large enough to cover the full range of his activities and interests and to embrace his ambit of daily travel on work or pleasure; they would not be so large as to lose all local roots. Moreover, attention to specific local requirements and traditions would be ensured by the existence, everywhere in the country, of the lower-tier of smaller authorities of—we have tentatively suggested—50,000 to 150,000 population. The relations between the upper and lower tier, between county and county district, would need to be thought out on new lines. The country should have responsibility for the proper administration of all or almost all of the important local government services; but it should be empowered to delegate the execution of many of these services, subject to proper standards being maintained, to the smaller authorities who would act as its agents. Such delegation should take place to the fullest possible extent in all those services which affect intimately the lives of the populace.²

SHOULD THE COUNTY BOROUGH BE ABOLISHED ?

The new structure which we have provisionally outlined is exclusively a county structure. It involves the regrouping of counties to absorb

¹ It is true that in rural areas it might be necessary to form joint boards or committees of counties for a few limited purposes. But the position would be radically better than at present, when a large number (probably as many as half) of counties and county boroughs are too small and poor to conduct their major services with real efficiency.

² Examples are maternity and child guidance; the provision of minor open spaces and detailed town-planning control; and housing.

THE REFORM OF LOCAL GOVERNMENT

county boroughs and to form larger and better-shaped units, and the creation of two tiers of local authorities in every part of England and Wales. It means in fact the complete abolition of the all-purpose county borough. Such a scheme would inevitably call forth vehement opposition from many large towns together with many not-so-large towns who already possess or who are hopeful of achieving the dignity of county borough status. It need not be discarded merely on that account; but the plan to date has been no more than provisional. It is now necessary to ask whether a reformed county system is in fact well-suited to every part of the country or whether some place should continue to be found for the all-purpose county borough.

The county borough has much to recommend it. Its administrative compactness often gives suitable expression to a civic and historical unity. It avoids the administrative complexity and the weakening of public interest which are the normal concomitants of a hierarchy of local authorities. It can be claimed with some justification that its elections command a higher poll and the proceedings of its council arouse a livelier interest than is the case with any other type of local authority. Equally the county borough probably has the best record of administrative efficiency in the major services. It was this fact in particular which has led the National Association of Local Government Officers to recommend that the county borough should be made the model for local government reconstruction and the whole country parcelled out among a single tier of all-purpose authorities. For all these reasons, the suitable county boroughs should be kept in being if this is at all possible.

But what is a suitable county borough? Certainly not all of the authorities who at present enjoy that status. The county borough form of government is only suited to towns which are not too small and are not too big. Since a county borough must be responsible for the administration of all the major services (both existing ones and ones that should be restored to local government), it must possess the population and financial resources necessary to their provision on an efficient scale. Even so cautious a Minister of Health as Mr Willink adjudged that no county borough should be created with a population of under 125,000. It may safely be stated that a minimum population of quite 150,000 should be necessary for the possession of county borough status; many experts would go further and claim that certain major services ideally require to be spread over a population of at least 200,000. Of 82 county boroughs in England and Wales, only 19 satisfy the criterion of having more than 150,000 population (1942 figures).

Equally, a county borough ought not to be too large or it will be unable to retain its local roots and to pay enough attention to the varying needs of the many districts which it has to serve. The proper form of administration for a large urban nexus, once it has swollen beyond a certain size, is a two-tier county structure with smaller authorities meeting the needs of the divergent localities within the grouping. What should be the maximum population of a county borough is difficult to determine. It is interesting to note that the Boundary Commission has turned down Liverpool's claim to expand to a population of 912,000 and a rateable

value of £8 million on the grounds that this would render it undesirably large for an all-purpose authority. If 750,000 is taken as a rough estimate of the maximum population that any county borough should be allowed to possess, there are three existing county boroughs in England—Liverpool, Manchester and Birmingham—that are already too large. Each of these three authorities has a strong claim for further expansion and for greater integration with its surrounding area; and in each of these cases the creation of a mainly urban county, with a number of smaller authorities under it, would seem to offer the best solution.

THE NEW COUNTY BOROUGH

There are thus left 16 county boroughs now in existence which satisfy the criterion of housing a population between 150,000 and 750,000. But this rough-and-ready formula is not the sole criterion of suitability for county borough status. The present populations of county boroughs are often misleading for the well-known reason that their boundaries are unsatisfactory. The proper area for a county borough needs to satisfy many of the conditions that have already been laid down for the reformed counties. Each county borough should be as well-balanced, socially and financially, as is possible and it should form a satisfactory planning unit, which conforms reasonably closely with the town's immediate sphere of influence, with its probable future development, and with its housing and recreational requirements. There is no case for placing the central area of a town and its suburbs under separate administrations (as often happens at present), or for denying a county borough a reasonable stake in the control of its immediately surrounding countryside.

This means that such county boroughs as are left in existence should be awarded reasonable enlargements of their areas where necessary. The main reason for refusing their claims—the deleterious effect on surrounding counties—should be largely nullified by the reconstruction of county areas and the absorption by the counties of most existing county boroughs. These considerations also suggest that a number of urban areas have a good claim to county borough status even though they do not at present contain any county borough with a population of over 150,000. Any reasonably compact urban area, whose total population complies with the conditions laid down, has a *prima facie* case—irrespective of how it is administered at present¹—for county borough status: although its claim may always be outweighed by other factors, such as the requirements of the surrounding county which, while they should not stand in the way of the necessary expansion of an existing county borough, ought certainly to be considered in determining whether a county borough should be permitted to continue in existence or a new one be created.

Equally, at the other end of the scale, some county boroughs which—considered generally—satisfy the population criteria, belong properly

¹ For instance, it might consist (at present) of a number of closely-linked non-county boroughs and urban districts; or of a small county borough surrounded by various minor authorities; or of two or more small but linked county boroughs.

to an urban nexus which ought to have a unitary administration yet which is too large for an all-purpose type of government. This is the problem of the great industrial conurbations—Tyneside, South Lancashire, the West Riding, Birmingham and the Black Country, Greater London—for which a reformed county structure seems to offer the best solution. But it may not do so in every case. Each conurbation has its distinguishing features, which may not be capable of treatment along uniform lines. The Black Country, for instance, is a difficult case. This rather dispersed, and extremely despoiled, industrial grouping contains five county boroughs (Wolverhampton, Walsall, West Bromwich, Dudley and Smethwick) and 19 municipal boroughs and urban districts, having a total population of rather under one million. The area is immediately adjacent to Birmingham—but a tentative suggestion that the Black Country should be absorbed in a Greater Birmingham County is opposed locally on the grounds that the needs and traditions of the two areas are sharply distinct. There is more local support for the scheme of apportioning the whole of the Black Country among the four county boroughs which lie on its perimeter (Smethwick and West Bromwich would be amalgamated into one). These new units would be far better than the present medley of poor undersized authorities in the middle of the area. But although the enlarged units would satisfy the population criteria that we have laid down, it would probably be better to make them lower-tier authorities (municipal boroughs or the new equivalents) under a wider county authority. This is so, because for so many services—transport, highways, town-planning and public utilities in particular—a single authority is needed for the Black Country, and also because two of the county boroughs even as enlarged would remain too weak financially to be really satisfactory all-purpose units. The difficult question is whether the urban county for this region should cover (a) the Birmingham-Black Country conurbation (pop. 2,000,000); or (b) ditto plus the rural areas of Stafford, Worcestershire and Warwickshire, excluding Coventry and Stoke-on-Trent C.B.'s (so as not to leave the rural rumps of these counties stranded; population would then be about 2,800,000); or (c) the geographical county of Staffordshire (pop. 1,500,000), in which all county boroughs would be abolished, leaving Birmingham to be treated as a separate major unit. It is possible, however, that in some of the conurbations there will be occasion for preserving or creating a large county borough, either because of a distinct internal division of interest within the area or because for particular reasons the area is judged to be not too large for all-purpose government. In any event, there exist a number of famous towns, which have marked civic pride and individuality, which stand on their own in geographical isolation away from the major conurbations, which have comfortably more than the desirable minimum of population and much less than the upper limit, so that they possess the strongest of any case for the retention of county borough status. These towns comprise a number of sea-ports—Bristol, Cardiff, Hull—and a number of isolated industrial and transport centres, such as Leicester and Nottingham. The only case for abolishing the present status of a city of this sort would arise where it is surrounded by a peculiarly poor region which con-

tains no centre of population that could become the focus for a new county. In any case there are at least fifteen towns which are eminently suitable for the county borough form of government and which, with suitable boundary enlargements, could take their place alongside the reformed counties as satisfactory major units of local government.

THE COMPLETED PICTURE

It is now possible to summarise the completed picture of a reformed local government system. The system would still be based on the county and county borough; only there would be fewer of each type of major unit. The final tally might show perhaps 40 counties and 20 or 25 county boroughs¹ as against the present 62 administrative counties and 82 county boroughs. It is interesting to note that the pattern corresponds to some extent with the original intention of the Local Government Act of 1888, which was to establish a mainly county pattern of government with no more than a few county boroughs created in special cases. Only the special cases would now be different (relating not to the very largest municipalities, but to certain fairly large and geographically distinct ones) and the counties would be more polygot, ranging from the populous, mainly urban county to the scattered rural county grouped round some medium-sized market town.

The advantages of the new structure over the present one may be briefly summarised.

- (a) Each county or county borough should have sufficient population and financial resources for the efficient provision of all major local government services. Minimum populations have been tentatively set of 250,000 for a county and 150,000 for a county borough. Less than a half of the present counties and county boroughs possess a population of over 150,000.
- (b) The new units would be far better qualified than the present ones to administer certain important services and utilities, e.g., hospitals; transport; water supply and main drainage; electricity distribution; gas supply; which need to be spread over wide areas and for that reason have been taken, or are in danger of being taken, out of the local government field. It would also, where necessary, be far easier to form satisfactory joint boards of local authorities for the administration of certain of these services than it is at present.
- (c) Most of the new units should have a broader variety of social and occupational classes than the present units, which would make for a more vigorous and critical electorate.
- (d) By the same criterion, the new units should be stronger and better-balanced financially than the present units. There is grave

¹ There might be rather more counties and fewer county boroughs, or *vice versa*, depending on the decisions taken for such areas as the Black Country. The figures are, of course, very approximate. But the total number of major units—counties and county boroughs combined—should be well under half the present number.

danger that the increasingly-recognised necessity of aiding pauper authorities will put local government in bondage to Whitehall.

- (e) The new units would conform more closely to economic and social realities than do the present ones. For this reason, they would form much better town-planning units, and would indeed be largely based on conceptions of satisfactory town-planning.
- (f) The new structure would make possible a reasonable (though not necessarily uniform) solution for the grave administrative problems posed by the growth of a few outside conurbations.

DANGERS IN THE WAY

Many other advantages could be urged for the suggested new structure. Once its underlying principles—a drastic rationalisation of the total number of counties and county boroughs, a changed conception of the nature of both county and county borough, a bold simplification of administration in the problem areas, a novel scheme of relations between major and minor local authorities—had been accepted by Government and Parliament, the practical implementation of the scheme by the Boundary Commission would present few real difficulties. There would be tricky points of detail to be examined and in some areas awkward decisions to be made. Detailed empirical investigation of each area is essential. But no worthwhile reforms can be made until general principles have been settled. There is grave danger in piecemeal reform; far too often in local government it is found that a useful reform in one area is nullified by its effect on some other part of the country.

That is why any satisfactory new plan must be visualised and executed as a whole. The greatest political obstacle to reform is that satisfactory new construction requires prior demolition. Local government today is cluttered up with too many authorities, especially too many major authorities—and it is naturally easier to create a new one. This difficulty needs to be squarely faced, and its unpleasant implications accepted by the unlucky authorities in the interests of restoring vigour and vitality to the system for which they work. Otherwise, two grave mistakes might result. One is that any new major authority that is set up, such as a Manchester County, will be crippled by the reserve of too many powers and privileges to the existing authorities in its area. The other is that the perfectly valid cases of individual authorities—of a medium-sized county borough in a rural area, or a county adjoining a conurbation—will be placed in front of the healthy functioning of the whole system.

The clock is already striking twelve for local government reform. Every week it becomes more obvious that the present local authorities cannot play the leading part in a Socialist system which was confidently assigned to them in traditional Fabian thought—they cannot even, apparently, be active in so many fields as in the pre-war Conservative era. This is a disgraceful and tragic state of affairs. It will only be ended, and local democracy be brought fully into its own, if the Government backs up the Boundary Commission's good intentions by showing its willingness to sponsor major reforms and if the local authorities themselves forget their ancient dignities and remember instead their present opportunity.

● BULK PURCHASE

by JACK BLITZ

Since the end of the war and more especially during recent months, much controversy has centred around the topic of bulk purchasing. In the House of Commons, Sir Waldron Smithers has regular weekly skirmishes with the Minister of Food, while various trade associations, following the fashion of Lord Woolton, publish fairly frequent attacks upon this form of government business.

Because bulk-purchasing is now being entwined with the policies of the political parties, it is becoming increasingly difficult for the economist or political commentator to discuss this subject objectively. The complexities of bulk trading mean not that generalisations are impossible, but that more than usual care must be taken in making them. The conditions surrounding the bulk purchasing of one commodity do not necessarily have the same relative importance for others and ideally, a study of Government trading should seek to deal with each material or foodstuff separately. Since we have not the space to undertake such a task here, we shall content ourselves with a discussion of the major arguments which have been expressed in the debates on bulk purchasing.

It is claimed that the central purchasing of at least *some* commodities is an integral part of that planned economy for which, rightly or wrongly, the British electorate have shown their favour. The government has, for example, accepted the full responsibility of feeding the nation, instead of allowing food consumption to depend on the rough justice of free markets and income levels; and as a corollary to this, it is suggested that the Government must directly intervene in the purchasing and distribution of the main food-stuffs. Furthermore, as a major importing nation, it is considerably in our interest to secure long-term contracts, by which adequate supplies of essential commodities are guaranteed at known or stable prices, over a period of years. The present allocation of certain food-stuffs between consuming nations by the International Emergency Food Council (the successor to the Combined Food Board) makes it desirable, in the opinion of some, that trading be conducted by Governments, in order to avoid the sensational rises in prices which occurred in the U.S.A. when private importers were permitted to bid against one another for shares of that country's import allocations. Especially is this important in Britain, where foreign exchange (particularly from hard currency areas) has to be rigidly controlled. It is argued, too, that for an industrial nation, stability of prices to manufacturers is an important economic issue and that this cannot be secured—even in futures markets—without central buying and the eventual use of buffer stocks—on the lines suggested by F.A.O. for food. Finally, it is believed to be administratively simpler and cheaper to

● The author of this article, Jack Blitz, is an industrial economist and secretary of the York Fabian Society.

subsidise selected commodities when a Government agency actually enters the trading line at some point.

Against these arguments, it is maintained that bulk purchasing has proved generally inefficient and expensive; and that attempts to insulate Britain from the fluctuations of world prices cannot succeed in the long run. It is claimed that bulk buying has led to bulk selling, which has been to our disadvantage and that a return to private purchasing would depress the world prices of many foodstuffs. In general, it is considered that central buying is invidious: for when the buying agency secures a profit it leads to high prices for manufacturers and consumers, while when it suffers a loss, the taxpayer has to foot the bill. A loss by a futures market operator is his own and it does not affect the country as a whole.

Let us now deal with these points. The contention that bulk buying has led directly to bulk selling has yet to be proved and the absence of any such evidence provides an example of the logical fallacy, *Post hoc ergo propter hoc*. It is interesting to note that this argument is used in juxtaposition with the statement that bulk buying operations are, in themselves, inefficient and expensive to the purchaser. Clearly, if the first argument were correct, the second could not be. No exporting country would wish to provide an "answer to bulk buying", unless the latter tended to favour the purchaser. Even Lord Woolton incautiously admitted this in his recent article in the *Sunday Times* (April 13, 1947).

"... In principle I think that they (foreign Governments) had no choice but to meet Government buying with Government selling in order to protect their nationals; otherwise the buying Government might have forced prices unduly low." (*Our italics*.)

Argentine food prices are undoubtedly high, but this is the probable result, not of bulk trading primarily, but of the fact that she is now in a strong seller's market. That the trading profits of the Argentine Government do not reach the producers, has not been proved to be due to bulk purchasing on our part. The Argentine Government seems intent upon making considerable profits out of the present food shortage, in order to finance that country's future reconstruction. Bulk selling agencies are not recent innovations and some existed to exploit current situations long before Britain herself adopted bulk purchasing on a large scale.

It has often been claimed, without proof, that "Merchant adventurers", buying smaller quantities over a continuous period of time, would obtain foodstuffs at lower prices than those paid by the British Government; but current experience indicates the opposite. When the U S A recently allowed cocoa importers to revert to "normal trading", individual American buyers found themselves bidding *against one another*, as well as against purchasers in other countries, and cocoa prices reached a record figure. It was this very reversion to "normal practice" which has sent up the world price of cocoa and is forcing Britain, today, to pay more than ever before. At the same time, the current price of West African cocoa to the British manufacturer is still less than that to the American because of the M o F's buying policy. During the war, the price of this commodity was generally less in Britain than it was in the U S A,

because of a price arrangement between the West African bulk seller and the British bulk buyer (the M o F), which could hardly have operated between private buyers and sellers.

A close parallel exists with the Anglo-Canadian Wheat Agreement.¹ Under this, Britain is guaranteed substantial quantities of wheat below the prices currently ruling (and probably below those which will rule for some time). Recently, this agreement enabled Britain to resist the minimum wheat prices proposed at the International Wheat Conference. It has been argued that the favourable terms of the Anglo-Canadian agreement arose from a regard by the Canadian Government for our difficult food situation and that business cannot be conducted for long on sympathy and sentiment. (This view, incidentally, is expressed by some who would resist the abolition of Imperial Preference for partly the same sentimental reasons.)

Be that as it may, such sympathy could find expression only when the Canadians were sure that the low wheat prices would be passed on to the British nation as a whole and not taken in the form of a bonus by individual buyers or speculators. The existence of the British Government's bulk buying mechanism was a sufficient surety for this.

Internal price stability of the major commodities can be achieved only by direct Government action and in some cases by the operation of bulk buying and the construction of buffer stocks. The importance of price stability to the British manufacturer can be gauged from the activity on the pre-war futures markets. However, hedging in futures markets did not give complete protection to the purchaser of raw materials and sometimes could not be applied even to the different grades of the same commodity. In cotton, for instance, hedging was, in practice, possible only on Egyptian and American growths. The proposed permanent central purchase of raw cotton, with the present cover scheme for spinners, should provide a greater stability than the old futures market. Under the scheme, which is optional, spinners are able to buy raw cotton up to the amount covered by existing yarn contracts, at prices currently ruling—even though the actual physical purchases are not made until many months ahead.

Quality in finished products is often no less important than selling price, particularly in overseas markets where the competition of cheap labour is encountered. It is arguable that manufacturers should be able to give full attention to production and not be worried about the market fluctuations of their raw materials. Indeed, the enlightened manufacturer

¹ On July 1st, 1947, Mr Strachey showed the value of this agreement (*Hansard*, Vol. 439, No. 132):

"We have purchased 160 million bushels of wheat from Canada under that agreement and for each of these bushels we have paid one dollar 55 cents. During the same year, the quotations for wheat on the Chicago market have run between two limits 2 dollars 12 cents and 2 dollars 96½ cents." (Column 1167).

and later, he said, quoting from another M P:

"Under this bulk contract" (the Anglo-Argentine meat agreement) ". . . . we pay the Argentine 7d a lb. for meat and in the U S where we cannot make a long term contract, we pay 2 shillings a lb." (Column 1170).

In fact, as Strachey himself indicated, the difference was not quite as great as this, but the principle still held good.

will take the view that it should be his skill and enterprise, rather than the chance results of market speculation in raw materials, which will enable him to beat his rivals.

We have mentioned the suggestion that the profits earned by a bulk-buying agency imply that manufacturers and consumers will pay higher prices than are necessary, while any losses incurred in bulk purchasing will have to be met by the taxpayer. These contentions are not very tenable. Before the war, speculators and brokers in futures markets equally made profits which showed themselves in higher prices to manufacturers. The occasional losses incurred by these operators were outweighed in the long run by larger gains—otherwise they would not have operated at all. The losses and gains of a bulk purchasing agency should, of course, be equated over a long period to give greater stability of price, but the possibility of the agency consciously incurring a loss, provides a simple but useful weapon in the hands of the Government, to subsidise selected commodities. It must be appreciated that stability of price is not synonymous with a price which remains permanently fixed. Violent and rapid fluctuations are to be ironed out, but the "stable price" should gradually follow long-term trends. Lack of appreciation of this point has led to bulk-purchasing methods being criticised for not achieving the results, which have never been claimed for them.

The subject of subsidies is fairly relevant to a study of bulk purchase. It is sometimes implied that food subsidies are a delusion, because the consumer ultimately pays the current market price by virtue of increased taxation; but this would be true only if every individual in Britain possessed the same taxable income. In an egalitarian society, subsidies would certainly be delusive, but in our imperfect community, subsidies must be regarded as one means of increasing the effective purchasing power of the lower income groups. Before the war, many foods could not be obtained by families in these groups because the price which was economic to the producer was uneconomic to the consumer. By interposing itself between ultimate producer and ultimate consumer, a central buying agency can operate a subsidy on a commodity by the simple administrative expedient of selling it at a lower price than that at which it was bought.

A casual inspection of market prices can easily lead to the view that since selling prices appear to rise as soon as a large bulk purchaser enters the market, this form of purchasing is less economical than private trading. This is to confuse cause and effect. Prices rose, in many cases, simply because a seller's market had existed all the time. The experience with cocoa in the U S A gives no support to the argument that a multiplicity of buyers operating over a longer period would gain better terms. Moreover, a little reflection should show that a single Government buyer is better able to stand out for more favourable conditions and has better weapons of trade retaliation than an unorganised and unco-ordinated host of buyers from the same country.

The worsening of this country's tea situation since the restoration of the free market and the tea auctions in Ceylon, does not support the view that free markets and private buying are to the advantage of

an importing nation in a seller's market.¹ Whether this contention may be true in the long run is not particularly relevant because many of our food difficulties are not likely to be of long duration, and, as Lord Keynes discovered, "in the long run we are all dead"! In fact, it has not been proved that this contention is correct, even in the long term.

Nor can much credence be given to the argument that bulk purchasing is an expensive operation. The official figures given by the Prime Minister show, for instance, that the entire overheads of the Ministry of Food in its capacity as a bulk purchasing authority amount to only 1.7 per cent. of the total turnover.

Other figures quoted by the Minister of Food on the same day showed, in a list of fruit supplied by Sir Waldron Smithers (the most persistent critic of bulk purchasing) that those items bought through the agency of bulk purchasing had increased in price since 1938 by amounts between 16 per cent. and 250 per cent.; whereas those bought by private trading increased by quantities between 175 per cent. and 900 per cent. We would not wish to generalise from these price changes, but these price statistics do not accord with the criticisms, often heard, that bulk purchasing is both less efficient and dearer than private, individual buying.

We may conclude, then, by observing that bulk purchasing can be an inexpensive and efficient method of obtaining essential commodities. Little evidence can be produced to indicate that in times of scarcity, private trading would secure a greater quantity of imports at lower prices; on the contrary, contemporary evidence in Britain and the U S A points to the opposite. The existence of bulk selling agencies and the high prices of many foods have not yet been shown to be a direct result of bulk purchasing. These are more likely the consequence of a seller's market, which a central purchasing authority is more able to resist than a group of private buyers. Government trading by its nature and prestige can, on occasion, be productive of favourable trade agreements related to special circumstances.

Moreover, bulk buying can provide a mechanism whereby stability of price can be achieved and subsidies simply applied. In a planned economy, many features of bulk purchasing are likely to remain permanent.

This is not to say that bulk purchase can be applied indiscriminately to all commodities, still less that it is an economic panacea. For finished products of a wide variety of design, central buying is less adapted than it is to primary products capable of easy grading. Enlargements and contractions in the number of commodities which can be secured by the agency of bulk purchase should be considered on their merits, but there are certain fundamental considerations which apply to the whole of this type of trading. It is hoped that the foregoing has given a few pointers in a subject which, by its complexity, can produce misleading impressions.

¹ The temporary reduction of the tea ration announced in July, 1947, is partly attributable to the difficulties produced by the restoration of the free market in tea in Ceylon at the beginning of 1947.

● MARGATE, MANPOWER and INTERNATIONAL TRADE

by HAROLD DAVIES, M P

The forty-sixth Annual Conference of the Labour Party at Margate was still a Conference where the mass of the delegates seemed to miss the urgent issues confronting them. This was due more to the overloaded agenda than to the delegates present. Although Conference devoted an extra half-day to the agenda, vital issues like Manpower and Production and International Affairs were peremptorily passed over. The Crisis was behind every issue, but the Platform got away with most votes. The composite resolution moved by Leek and seconded and supported by Reading and Coventry

"That this Conference believes it imperative, in view of our man-power and production problems, that we review our military commitments and the distribution and organisation of our armed forces, in order that they may be considerably reduced below the Government's target for March, 1948. It does this knowing that our strongest defence lies in a highly productive industrial economy"

gave encouragement to its supporters by the large vote in its favour, although it was in fact defeated by 2,357,000 against 1,109,000.

Herbert Morrison, in the course of the debate, urged that our productive power be put to the best use. He made a special reference to the employers, managers and technicians and the so-called Middle Class as a whole. When referring to the trade unionists he said, "We have to turn out the goods or bust" "from now on what we get in social benefits and higher wages we shall, broadly speaking, have to earn by higher production we are in a dark patch just now: our Government and our Movement will be judged by their power to lead the country through their troubles. We can do it." Nevertheless, Mr Hugh Dalton tried to shovel the Manpower debate into the Thursday's debate on Foreign Policy. The growing tendency of lumping six or seven resolutions under Foreign Policy and then accepting an omnibus reply is to be deprecated.

The Executive were at a disadvantage in their answer and the cold logic of the arguments that were put from the rostrum was left unanswered at the time, but the recent debates on Productivity of Labour, Imports and Food, in the House have shown how right were the million odd delegates who voted for a reduction of overseas commitments.

● The author of this article, Harold Davies, M P for the Leek division of Staffordshire, is a teacher, and was a lecturer to H M Forces during the recent war.

MANPOWER

By March, 1948, the target of the forces will be 700,000 above the pre-war figure. In January we had 1,427,000 still in. The extent to which they drained productivity is shown by the fact that some 450,000 civilians are needed to supply their needs. This is economic suicide. Last year we spent £300 million net abroad and by the end of March, 1948, we shall have spent another £175 million. The United States and the Dominions have been ruthless in their cutting of the Forces. Why should we bear this burden now? Here we are, a country short in the export trade of some 500,000 men and in the home trade of some 750,000. Are we wasting manpower at this critical juncture? Wastage in the mines last year was 70,000. It will be quite 40,000 this year. Another factor is our ageing population. In 1900 only 1 in 17 was over 65: today it is 7 in 17.

People understood the war, but they do not understand the peace.

The following table shows the net increases or decreases between December, 1946, and April, 1947, in the numbers employed in certain undermanned industries:—

THE UNDER-MANNED INDUSTRIES

Industry	Increase (+) or Decrease (—) December, 1946 to April 1947,		
	Males	Females	Total
Coalmining	+ 20,000	—	+ 20,000
Tinplate and Steel Sheet ..	—	—	—
Bricks, Tiles, etc.	+ 2,000	—	+ 2,000
Iron Foundries (other than engineering)	+ 3,000	— 1,000	+ 2,000
Textiles:—			
Cotton	+ 1,000	+ 5,000	+ 6,000
Wool	—	+ 2,000	+ 2,000
Silk and Rayon	+ 1,000	—	+ 1,000
Hosiery	—	+ 2,000	+ 2,000
Other Textiles, Bleaching and Finishing	+ 3,000	+ 3,000	+ 6,000
Clothing	+ 4,000	+ 11,000	+ 15,000
Footwear	+ 2,000	+ 3,000	+ 5,000
Furniture	+ 2,000	— 1,000	+ 1,000
Paper and Printing	+ 8,000	+ 6,000	+ 14,000
Laundries	+ 1,000	+ 3,000	+ 4,000
Total of above	+ 47,000	+ 33,000	+ 80,000

THE MISSING MILLION

With all this information we still know that there are about a million men of working age in Great Britain who are unaccounted for in the manpower budget. Captain Stephen Swingle (M P for Stafford) during

an Adjournment debate, drew public attention to this position. The "Economic Survey for 1947" said that "the need to increase the size of our working population is a permanent feature of our national life". But in June, 1946, there was a balance of 1,647,000 men (*Hansard*, Thursday, 5th June, 1947, Col. 353); and in December a balance of 1,781,000 men, who were not accounted for in the analysis of our working population. Swingler's figures for June, 1946, were:—

(1) Schoolboys aged 14 and over ..	395,000
(2) Adolescents and adult students	85,000
(3) Mental patients	72,000
(4) Deserters	20,800
(5) 100% war-disabled pensioners..	54,000

If all these are subtracted from the June figure there still exists the "missing million". Efforts should be made to track these down. The seriousness of this is seen when we look at the undermanned industries and find that the decreases have not been made up in any of them to the extent desired.

WOMEN AND JUVENILES

The number of children who in recent years have entered employment before reaching the age of 15 is over 370,000 in a year (the number of boys slightly exceeding the number of girls). The retention of juveniles at school until the end of the term in which they reach the age of 15 will therefore mean that by the middle of 1948 the working population will be reduced by about 370,000. The loss to industry will naturally be gradual during the twelve months from mid-1947 to mid-1948, as those who reach 14 during each term are retained at school instead of being released to industry. The full effect will be felt by the middle of next year, after which the normal flow will be resumed.

The estimated numbers of women between the ages of 14 and 60 in employment in Great Britain at monthly dates (with the exception of February) during the past six months were as follows:—

	<i>Women's Auxiliary Services</i>	<i>Civilian Industries and Services</i>
October, 1946 ..	92,000	5,602,000
November, 1946 ..	84,000	5,624,000
December, 1946 ..	78,000	5,597,000
January, 1947 ..	76,000	5,595,000
March, 1947 ..	71,000	5,549,000
April, 1947 ..	69,000	5,596,000

On the whole the numbers have been steadily falling.

A quarter of a million of our own women, who have their homes and roots in their own country and who are now a non-productive and all-mysterious commitment, should be brought into industry as quickly as possible.

FOREIGN LABOUR

Sir Stafford Cripps in the debate on the economic situation, on March 10th, said: "We are most anxious to get in as much foreign labour as we can, but we believe that the realistic figure is 100,000 placed in industry by the end of the year. That, of course, is not a maximum. If the measures that we are taking to get them are more successful than we anticipate, then so much the better for everyone."

In the same debate, Mr Isaacs said that he hoped that all the members of the Polish Resettlement Corps, amounting at the moment to 80,000, would be placed in jobs by the end of the year. He hoped to open a transit camp to deal with 4,000 displaced persons a year. While Britain has always used Foreign Labour and offered community they have not hitherto come in on a permanent basis in a time of crisis. They certainly will help to alleviate the manpower problem, but when we are weighing the issue of productivity we must take into account the housing and accommodation problem that this importation of foreign labour creates. These workers will need accommodation with their families or labour will have to be diverted to house them. Even if camps are contemplated the same problem arises. All this will enter into costs in our struggle for overseas markets and, as things are at the moment, there is every possibility of a bitter and expensive trade war. On July 8th, Mr George Isaacs said—"23,746 Poles have been placed in civilian employment, all but 461 of whom have been placed since the 1st June; 2,042 of these have taken employment in coal mining and 3,936 in agricultural work". Since July 1st, 1947, 6,330 European volunteer workers have been placed in employment; 564 in textiles, 2,268 in agricultural work and 1,836 in hospital work.

RE-EQUIPMENT AND STOCKS

During July Debates in the House the following estimates have been given of our needs for re-equipment alone. £150 million for coal in the next five years; £168 million for steel; £40 million for cotton; £250 million for transport; £700 million for electricity; and £700 million for agriculture. During the Washington Negotiations we gave estimates of £1,450 millions damage to our industrial equipment. Nevertheless, despite all these serious facts, the White Paper Survey priorities were:

1. Defence
2. Payments for Imports
3. Capital Equipment
4. Personal Consumption
5. Social Services.

That order is wrong. Capital equipment must be first. This cannot be done unless we change our outlook to the manpower issue and commitments now. Even the T U C White Paper on page 27 hinted at this issue,

while the Congress in no mean fashion showed its attitude by the large vote it gave on the matter. Every week since Margate the crisis deepens.

The estimate of the fall in stocks in Britain is symbolic.

In 1946 our cotton stocks were down by 36 per cent.

"	"	zinc	"	"	"	75	"	"
"	"	lead	"	"	"	67	"	"
"	"	tin	"	"	"	40	"	"
"	"	jute	"	"	"	18	"	"
"	"	hemp	"	"	"	35	"	"
"	"	hides and skins	"	"	"	23	"	"

Some £60 millions or so of hard currency would make this good—only one-fifth of the money that we spent on our overseas commitments. As a nation the statistical material presented during the Washington Negotiations showed that we lost 25 per cent. of our national wealth. And the export target which we achieved last year was only achieved by selling some of our stocks. Last year railways used 2 million more tons of coal than in 1938; gas 3.6 million more tons; electricity 11 million more tons.

There must be three-quarters of a million extra troops in countries where we have had troops for generations. Ordinance depots, pay offices, record offices, training establishments ooze with men who could now be defending our country by using the plough, generating the spark, wielding the spanner, or working in our pits.

Last year £300 million was due to Government overseas expenditure; of this some £225 million was direct military expenditure. Here is something that could stave off the dollar crisis. The £279 millions withdrawal last year from Canadian and American loans did not even cover our overseas expenditure and little of it went into reconstruction or equipment at home.

We should learn from the lesson of France. With millions under arms when the war came such was the slackness in French industry that one-third of her industrial capacity was not employed. France fell. Wars are no longer won by masses under arms. The Monnet Plan aims at complete economic independence by 1950. The six basic sectors considered are:—coal, electricity, steel, cement, agricultural machinery and transport. The lesson is obvious.

AGRICULTURE

When the prisoners go we shall need men on the land. The Ministry of Labour estimate 33,000. That figure should surely be trebled. This country must produce more of its own food. It can only do this with a plentiful supply of manpower and machinery; while, in addition, rapid rural construction in housing, water and electricity will be needed. Often we have scoffed at our agriculture productivity.

If we accept the figures given that 47 per cent. of our dollar expenditure is on food and only some 9 per cent. on capital goods, machinery and raw materials, the problem of raising the productivity and efficiency of agriculture looms large upon the economic horizon. Britain no longer maintains her position in the world economy and those areas of the

world that for a century have stood on the sideline of European imperialism are going to raise their nutritional standards and alter their dietetic habits. They too will consume more of their own oils, greases and fats. It is therefore of major importance to encourage our own food production. We must increase the tempo of our expansionist policy in agriculture. L. Rostas examined the relative productivity of labour in British, United States and German agriculture (London and Cambridge Economic Survey). He concluded that output per head in 1937 was as follows: U.S. agriculture £166; British agriculture £159; German agriculture £74. In industry output per head was as follows:—U.S. £730; Britain (1935) £229; Germany (1936) £254. Thus output per head in agriculture did not differ substantially between Britain and the United States. Industrial output was three times higher per head in the United States than in Britain. Again in the London and Cambridge Economic Survey for April, 1946, T. Barna said: "According to the recent estimates of the net output of agriculture it seems that in the last year or two net output per head in agriculture was the same or slightly larger than the average of other industries, excluding the armed forces. This must be an historic event and it is also bound by implication to throw some light on the distribution of the product of agriculture between persons".

While making all allowances for money calculations of output it seems a fact that the agricultural worker can get a greater share of produce at home than by a two or three way exchange of manufactures for food from abroad. This is surely true of dairy produce now. Our Trade and Navigations Accounts show that while we only bought a fifth of a million pounds' worth of dairy produce from the United States in 1938 we had stepped this up to £44 million in 1946. Dollars drifting away for dairy produce that we could produce here if we act now.

RE-ADJUSTMENT OF IMPORT AND EXPORT PROGRAMME

Our creditworthiness is as important as exports. Thus, as Sir Andrew Duncan pointed out (*Hansard*, March 10th, Col. 1091) *there may be a little too much forcing of exports without regard to the over-riding need to build up rapidly and efficiently an economy that is credit worthy.*

In the last six months of 1946 we spent our dollars in a profligate fashion according to the Chancellor, thus: 5 per cent. for machinery, 7 per cent. for films, 32 per cent. for tobacco. Our railways cause bottle-necks—then we should not export the wagons and other goods now. The only real danger to our continued existence is industrial weakness. America's strength lies not in the size of her armed Forces but in her industrial potential. All the delegates at Margate knew this to be true but false loyalty made them vote against their reasoned opinion.

In answer to a Parliamentary question raised by Mr Anthony Eden, the Chancellor gave the following facts:—

IMPORTS

1. The Economic Survey for 1947 (Cmd. 7046) set out the pattern to which the importing Government Departments were working for the calendar year 1947.

						Year 1947 £ million (f.o.b)
Food and supplies for agriculture	..	..	..	..	..	725
Raw materials and supplies for industry	..	..	..	..	..	525
Machinery and equipment (including ships)	..	..	..	..	..	60
Petroleum products	..	..	..	..	..	55
Tobacco	..	..	..	..	..	50
Consumer goods	..	..	..	..	..	35
Film remittances	..	..	..	..	..	18
						<hr/> 1,468 <hr/>

2. The provisional import programme for the year mid-1947 to mid-1948, after allowing for the cuts announced by the Chancellor of the Exchequer on 30th June, is:

						Mid-1947 to mid-1948 £ millions (f.o.b)
Food and supplies for agriculture	..	..	..	..	..	840
Raw materials and supplies for industry	..	..	..	..	..	640
Machinery and equipment (including ships)	..	..	..	..	..	55*
Petroleum products (including requirements of coal/oil conversion)	..	..	..	..	..	80
Tobacco	..	..	..	..	..	40
Consumer goods	..	..	..	..	..	30
Film remittances	.....	..	..	..	..	15**
						<hr/> 1,700 <hr/>

*—this represents some increase for machinery over the Economic Survey for 1947.

**—excluding the possible effect of film import duty.

3. There is no significant change in the total volume of imports for the year mid-1947 to mid-1948 compared with that programme in the Economic Survey for the calendar year 1947; some items are increased and others decreased.

4. The major change is in prices. The Board of Trade index of import prices (which for various reasons tends to under-estimate the rise) has moved as follows:

						1938 is 100
June, 1946	..	..	..	..	..	203
September, 1946	..	..	..	..	..	208
December, 1946	..	..	..	..	..	219
March, 1947	..	..	..	..	..	229
May, 1947	..	..	..	..	..	241

EXPORTS

5. The Economic Survey set a target of 140 per cent. of 1938 export volume to be reached by the end of 1947. The volume of exports has been moving as follows:

						1938 is 100
1946						
3rd quarter	..	..	..	..	..	104
4th quarter	..	..	..	..	..	111
1947						
1st quarter	..	..	..	..	..	100½
April	..	..	..	..	..	98
May	..	..	..	..	..	104

The target of 140 per cent. will not now be reached by the end of 1947, but the Government is planning on the basis of reaching it by the middle of 1948.

6. This would provide United Kingdom exports in the year mid-1947 to mid-1948 of £1,300 to £1,350 millions, compared with the present rate of about £1,100 million a year.

7. The Chancellor added that to achieve this target will require a steady expansion of exports of all kinds and in particular a growth of textile exports by the Spring of 1948 to a volume of at least 20 per cent. above that reached so far this year. The achievement of this target must also, of course, depend upon a reasonably free access to overseas markets.

Article 9 of the American Loan Agreement has had a limiting effect upon Britain's export trade. Multilateral trade may be the ideal way of trading in a world of perfect competition, but we may be forced to negotiate bi-lateral agreements. On 15th July the £ sterling was made a convertible currency, or "an expendable": this was one of the conditions on which we got the loan of 3,750 million dollars. That new situation may, contrary to some expectations, help to increase confidence and strengthen our trading position, because the £ sterling will not now be a "blocked" currency. In the very near future, the belligerent nations of the last war will have to face the issue of war-time debts. So far as we are concerned interest on, and repayment of, this indebtedness will have to be made by means of exports, for which no equivalent in imports are received. The world's sellers' market, in which anything that could be made could be sold, is declining. In our list of imports ruthless cuts should be made so that priorities are given to steel, lead, timber, paint-making materials, copper, zinc, fertilisers and feeding stuffs. Inflationary rise in prices in the USA knocked the bottom out of the loan and a large part of the loan was diverted to finance British Forces abroad. The economy of the USA is notoriously unstable, and we must not be too closely linked with it. Europe must be looked upon as an economic whole. It is impossible to raise our exports to 75 per cent. over pre-war without a corresponding expansion of world trade.

Trade agreements must be pushed for with Russia, the rest of Europe, the Dominions and our Colonial countries. The Labour Government's

wise policy in India and Burma will do much to strengthen her bargaining power. Markets here can be expanded enormously.

The political and industrial wings of the Movement will have to face the thorny problem of a wage-policy and a profits-policy. The strength of the Movement is shown by its courage in openly exploring now both these issues. The magnificent achievements of the Government in the past two years are spectacular when compared with those that followed the war of 1914-18. After all, the Coal Standard is more important than either the Gold Standard or the Dollar Standard; and we *shall* get out coal.

● NOTE—Sources from which the figures in this article are drawn include :

The Monthly Digest of Statistics.

National Income and Expenditure of the U.K. Cmd. 7099.

Defence Statement. Cmd. 7042.

Direct information from the Ministries in question.

● THE UNITED NATIONS

—can it succeed?

by W. ARNOLD-FORSTER

Today, only two years after the United Nations Charter was signed, the question is being thrust upon us:—Is there substantial ground for hope or confidence that the United Nations as now constituted will become effective enough, soon enough, for its momentous tasks? Expressed in terms of political choice, the question might run:—Should the British Government persist, for the present at any rate, in supporting and working with the United Nations as it is, despite recognised defects of the Charter and despite difficulties and drawbacks of collaboration with the Soviet Union in the Security Council? Or should the Government conclude that there had better be a “show-down” forthwith? Recalling the Marxist-Leninist dogma about an inevitable clash between Communist and non-Communist régimes, recognising the urgency of the need for concerted action to meet current dangers, and realising that the Security Council, largely paralysed as it is by division, can nowhere be regarded as a reliable guardian of the peace, should the Government decide now, as the lesser of two evils, to press for radical revision of the Charter, even though the probable consequence of success would be the withdrawal of the Soviet Union and of the other States under Soviet influence?

It is grievous, certainly, that such questions should be arising already, when the wounds of the war are still unstanched and when the infant United Nations has hardly learnt to walk. But these questions have not been invented for the purposes of this article. They are in the minds of many—in the minds not only of sceptics and opponents but also of steadfast supporters of the enterprise. Such questions should be answered clearly in our own minds and in the action of our Government. The answer should be neither complacent nor defeatist, and it must of course be based upon an objective assessment of the Charter and of the actions hitherto based upon it.

This is not the place to discuss the complex problem of political choice; but a summary assessment of the Charter and its first-fruits can be offered here as a preparatory contribution to such a judgment.

THE CHARTER

It would, of course, be absurd to judge the Charter as if it were a theorist's essay in planning the foundations of world government. The Charter, like the Covenant, had to be a politician's compromise between

● The author of this article, W. Arnold-Forster, is a member of the Advisory Committee of the Fabian International Bureau. He has studied international organisations since the foundation of the League of Nations.

claims of power and claims of law. It had to win the assent of many Nation-States, great and small; in particular, the Charter-makers, unlike the Covenant-makers, sought the assent of the Soviet Union, and sought it in the hour of Russian triumph. If the world is to advance along the road of world-government, there will have to be not only a renunciation of anarchic rights by "sovereign" States, but also a transfer of power from national to supra-national control; but in 1944 as in 1919 no such supra-national authority existed. The Charter-makers had to proceed at the pace dictated by governmental assent: and the building of world-government out of the Charter will likewise have to depend upon a broad measure of assent.

Nothing need be said about the Charter's Preamble except that it is well-worded; and that, whilst it is easy for cynics to sniff at the beautiful phrases which can easily be written into preambles, the formulation of broad objectives in summary terms may have its practical value in such a document as a means of enlisting popular support. A preamble may be a misleading facade; or it may be made a useful yardstick and a heartening flag.

As for the Purposes and Principles, I will refer only to one sentence, Article II, (i), which says that "The Organisation is based on the principle of the sovereign equality of all its members". This is the only sentence which the Charter inherits from the Declaration made by the three Great Powers at Moscow in November, 1943; so it may be regarded as a kernel—a part of the text most likely to be retained. But what a deplorable formula it is. In that loose use of the word "sovereign" blind nationalists could find excuse for clinging to doctrines incompatible with any attempt to evolve order out of international anarchy, and incompatible with many of the chief provisions of this Charter. And that loose use of the word "equality" might lead blind optimists to suppose that the Charter does apply the principle of equality before the law: whereas in fact the Charter puts the Great Powers above the law to a perilous extent and requires the other members to accept, in certain circumstances, decisions by the Great Powers which may over-ride all existing legal rights. The formula is a trick phrase such as politicians may welcome in an emergency as a means of enabling an "agreed" statement to be published, but which covers over with ambiguity a lack of real agreement that may fester afterwards.

THE CRITERIA OF MEMBERSHIP

Membership of the United Nations is open to "original members", who are all assumed to be fit for membership, and to new members subject to a test of admission. The new members must be "peace-loving states" which "accept the obligations contained in the present Charter and, in the judgment of the Organisation, are able and willing to carry out these obligations". It is easy, of course, to criticise such a criterion as "peace-loving"; it is difficult to invent a satisfactory one. Yet it is not likely that the difficulty could have been overcome (as some jurists suggested) by simply declaring the Association to be "universal" from the outset. In such a co-operative enterprise some community of purpose

is indispensable; action is hampered and credit impaired if some of the partners are hostile or disloyal. On the other hand, a membership not far from universal is likewise required; if the United Nations were to lack the support of sufficiently powerful States, it could not hope to implement promises of collective security, and if it were not sufficiently representative in membership it would lack the moral authority necessary for a guardian of the common peace. The need for universality must be balanced against the need for community of purpose. And that common purpose must be expressed not merely in affirmations of "peace-loving" intent but in action which represents at least the "minimum subscription" necessary for an effective partnership in such an enterprise at its present stage. For the United Nations is not just an open forum; it is an association created in order to do specific things. Members who persistently fail to pay the minimum subscription may handicap the association so severely that they had better be outside.

In our proper concern that the United Nations should become universal and the frail ties between the Communist East and the non-Communist West should not be thinned still further, we may be inclined to burk this fundamental problem of community of purpose. In recognising that all peoples share the need for peace and prosperity, we should not jump to the conclusion that they yet share a common purpose to pay the price of peace—a price which includes mutual tolerance, free exchange of news and opinion, neighbourly behaviour, honest acceptance of compromise, and an extensive subordination of the rights and powers of sovereign nations to supra-national authority. We should not be surprised if recognition and practise of the duties necessary for the success of a world-wide commonwealth is a slow growth in some countries. For instance, men brought up to esteem the fanaticism of the Communist Manifesto must find it hard to learn the tolerance necessary in an association of States with widely diverse economic systems. Men schooled in Lenin's technique of using tactical compromise as a subterfuge in a world-wide campaign must find it hard to accept sincerely the kind of compromise which makes possible a system of third-party judgment. Men brought up under a régime which regards law as an instrument of the executive's policy will naturally find it very hard to join in promoting the subordination of power to law in the international field. There is no point in suggesting that the Russian peoples will never share fully in the task of building a peace system protected impartially by supreme power; such an assumption would be silly as well as despairing. But it must be said that the policy of the Soviet Government in the United Nations has hitherto shown little understanding or acceptance of the price of making a commonwealth free from war and tyranny out of the world's diverse peoples.

One other point about membership. Portugal, Eire and Transjordan were excluded from membership by the Soviet delegate's veto, on such grounds as their having remained neutral in the war or not having established diplomatic relations with the Soviet Union. Neither of these vetoes accords with the letter or spirit of the Charter. The Charter's rules for admission of new members have thus been set aside with impunity, for reasons of national policy.

THE GENERAL ASSEMBLY

The Assembly is a deliberative body, with only very limited powers of decision. It controls the United Nations purse and votes on certain appointments; but, apart from that, it may only discuss and make recommendations, and it may not make recommendations on a subject which is being dealt with by the Security Council unless the Council, with the assent of all the Great Powers, requests it to do so. But the Assembly has already shown itself to be full of vigour and not without influence. If, as may be expected, the Assembly seeks to extend its authority, some change will presently have to be made, I think, in the system whereby each State, regardless of its population and responsibilities, casts one equal vote. That is not democratic nor is it "equality"; it is simply an anomaly resulting from understandable reluctance, at this early stage in the world's advance towards world-government, to grapple with the problem of proportionate representation of Government or of peoples. The present arrangement will just do so long as the Assembly remains a forum for discussion and does not claim any substantial measure of authority. The Assembly is likely to extend its authority rather by custom and convention, in ways hardly noticed, than by spectacular constitutional changes; but it is unlikely that the "one-state-one-vote" rule will prove tolerable for very long when the young giant begins to walk.

THE SECURITY COUNCIL

We come now to the crucial issue: what is the substance of the Charter's provisions about the Security Council, and what prospect is there that these can prove effective in present circumstances? There is no room here to analyse these provisions; but this has been done in two recently published pamphlets.¹

The functions of the Council are meant to cover primary responsibility for the maintenance of peace and security on behalf of all the United Nations. The Council is to promote pacific settlement of international disputes, but may not intervene in matters "essentially within the domestic jurisdiction of any State". The Council is also to apply sanctions, if necessary, to prevent or stop lawless violence. In vague but sweeping terms the Council is authorised in certain circumstances to dictate changes of existing rights, as the Four Powers did at Munich.

The power at the Council's disposal does not (as yet) consist of a supra-national force but only of national contingents earmarked by specific agreements with the members and backed by the Charter's pledges of general support. (The Charter-makers, remember, finished their work before the atomic age began.)

It has been claimed that the Charter's provisions about sanctions constitute a more potent system of sanctions than did the Covenant's provisions. But this is misleading. The machine should not be judged without taking into account the will of its controllers.

¹ *The United Nations Charter Examined*, Labour Party, 1/-, and *The Veto*, United Nations Association, 4d, both by W. Arnold-Forster. See also "The Veto", in *United Nations News*, June 1947.

The Charter-makers, like the Covenant-makers before them, faced this difficulty. Power was in the hands of rival barons; the Big Three, at Dumbarton Oaks, controlled between them much more than half of the world's military and economic power and spoke for half of the world's population. But there existed no supra-national authority, controlling authorised power on behalf of the community. The chief peril to peace would arise directly or indirectly from the quarrels of the barons, so that sanctions would never work reliably, collective security would never become real, if the application of sanctions had to depend upon a unanimous vote of all the Great Powers.

The Covenant-makers met this difficulty in part by accepting the principle of law that no disputant, even a Great Power, should be judge in his own case; when the League Council was acting in its quasi-judicial capacity, no party to the dispute might veto a collective decision to act.

But the Charter makers faced this added difficulty. The Soviet Union refused to accept this principle, and their acceptance of the Charter was naturally regarded as indispensable. Moreover, the Soviet Union and the United States, and Britain too, supported by the British Commonwealth, each command such great power that any application of sanctions against them would involve a world-wide disaster. So the Big Three, at Yalta, chose what may prove only another road to disaster: they made the anarchic compromise embodied in Article 27 of the Charter, and insisted at San Francisco on its acceptance. If the Council decides to deal with a dispute and no Great Power is party to the dispute, any one of them may veto any collective decision about pacific settlement or about action. (That was agreed at Dumbarton Oaks and was paralleled in the Covenant.) If a Great Power *is* party to a dispute, it may not veto a decision during the stage of pacific settlement; but it recovers its right of veto so soon as action is involved. Where does the one stage end and the other begin? The compromise mentions "disputes", not "situations"; and the Soviet delegate, always seeking to whittle away the limitation on the right of veto, contends that the right of veto does apply at all stages to "situations", and that the decision whether a matter should be treated as "dispute" or "situation" is subject to the veto. Presumably it seemed at Yalta that a substantial agreed limitation upon the right of veto had been won, though at heavy cost. It seems now as if a hole of illimitable dimensions had been driven through that limitation.

It is worth quoting from my pamphlet on the Charter, lately published by the Labour Party, "The veto right does to a great extent put all the five permanent members in a position above the law; and this concession to power represents a radical surrender of the principle of equality before the law and of the principle that disputants should not be judges in their own cause If the veto is thus used by rival patrons" (to protect a client State) "for reasons of national policy rather than in a spirit of impartial trusteeship for the peace, then sanctions will operate only against minor Powers which cannot enlist the support of any Great Power. Manifestly, collective security will be unreal if it applies only to States which are relatively weak and which would find all the Great Powers united against them in the event of their resorting to war".

Looking at the record of the Security Council hitherto, one can find some cases in which good has resulted from its acrimonious discussions. But no one can honestly maintain that the Council has begun to win confidence as a guardian of peace or justice. The community of purpose which might enable it to circumvent the worst consequences of so anarchic a constitution does not yet exist.

I tried the other day the experiment of making a diary and map of what is being done or begun by the Economic and Social Council and the many international organisations associated with it. The range of effort is truly extraordinary and full of promise. If only the Russians were participating in these matters ! They do so in the case of the Health Organisation, but in every other respect their contribution is non-existent or non-co-operative.

The Trusteeship chapters of the Charter are ill-drafted, and mark in important respects a retreat from the position reached by the mandate system of the League. Admirable principles have been affirmed, and we must hope that the new system of report and inspection will, in the hands of the new Trusteeship Council, become a potent instrument for the development and emancipation of dependent peoples. It must be recognised, however, that the principle of trusteeship has suffered a blow from the forcing through of the terms of agreement whereby the United States holds the Caroline, Marshall and Ladrone Islands on conditions virtually amounting to annexation.

SHOULD THE CHARTER BE CHANGED ?

To sum up. The Charter is a bad text ; it incorporates most damaging concessions to power at the expense of law, and is inferior to the Covenant in most of the respects in which it differs. But, to quote the Labour Party pamphlet again, " Our Labour Government has declared its whole-hearted support for U N, not implying, of course, that it is a perfect instrument, but recognising that it is the best and only international means now available for protecting the world from war and for promoting a peace that offers prosperity with freedom ". The Charter cannot be amended without the consent of all the permanent members of the Security Council. Nor can it work properly to safeguard the peace unless those permanent members show a community of purpose of which there is at present little trace.

In this dilemma, recognising the enormous importance of avoiding a yet more complete split with the Soviet Union, but recognising also the dangers of drift and the present weakness of " collective security ", should we laymen, imperfectly informed as we are, urge our Government to press for a show-down forthwith ? Having made such estimate as I can of the probable outcome of such a show-down, I should at present answer: No.

● BOOK REVIEWS

SCHOOL AND LIFE Report of the Central Advisory Council for Education (H M S O 2/6).

THE NEW SECONDARY EDUCATION Ministry of Education Pamphlet No. 9 (H M S O 1/6).

ORGANISATION OF SECONDARY EDUCATION Ministry of Education Circular 144 (H M S O 3d).

Of these publications, two are official and one semi-official. But the new Advisory Council in its first report has broken with the traditions of its predecessor, the Consultative Committee, and has strongly criticised the conditions under which children are taught in schools. Yet for those conditions, the Ministry of Education has always been finally responsible, even before the 1944 Act.

Although the reference to the Committee was "the transition from life at school to independent life", only two of the seven chapters are specifically concerned with that subject, and they are somewhat disappointing. In spite of the fact that Sir Fred Clarke is Chairman, the Committee has failed to solve the problem of liberal and vocational education. But the first and the last chapters are revolutionary in outlook. The first is concerned with the great divergence between educational theory and practice; between what we profess to believe and what we actually do. Nowhere is this divergence greater than in the primary schools. It will, say the Committee, be fifty years before we can hope to have good primary schools for all children. More than half the existing classrooms are smaller than the new regulations demand, and even these regulations are hardly generous enough in space for children of that age. "In providing schools, we still build for the few, and neglect the many", and the Committee is afraid that the needs of primary schools will again be shoved aside by the public interest in secondary schools.

The last chapter, 'The Moral Factor', does what no previous report on education, however unofficial, has ever dared to do. It states frankly that in the revolutionary times through which we are living, no agreement is possible on fundamentals, whether of the good life, or of the good society, so that those whose responsibility it is to put moral values before children, are faced with great difficulties. Sir Fred Clarke and his Committee deserve our thanks for refusing to pretend any longer that we are all agreed upon the supreme excellence of "western values", and the present organisation of society. Much hard thinking will be necessary, but the way has at least been cleared.

Although the Ministry's green pamphlet, *The New Secondary Education*, follows the pattern of the earlier numbers of this series, in stating ideals to be aimed at, rather than critically assessing what has been done in the past, it too marks a stage in educational history since 1944. Local authorities, who have seen with dismay the exercise of many of the Ministry's new powers of 'control and direction', and who have properly become apprehensive for the future of the partnership, so loudly proclaimed by the Ministry, can take heart. The insistence by some L E A's of experimenting with multilateral schools, combined with the new Minister's knowledge of, and confidence in, L E A's, has modified to some small extent official adherence to the tripartite system. Although only one paragraph and that a somewhat disparaging one, is devoted to such an important question, Circular 144 recognises that experiments will be made, and lays down conditions under which multilateral and bilateral schools will be recognised.

We are, as a nation, peculiarly ignorant of other educational systems, but since the publication of the Scottish Advisory Council's report on Secondary Education earlier in the year, even our Ministry must have realised that multilateral or omnibus schools, of size varying between 400 and 1,200 pupils, have been in existence across the border for at least fifteen years. Some reference to these schools, either as an example or as a warning, might surely have been made.

Since that Report recommends that omnibus schools, with between 600 and 800 pupils, should be the method of organising secondary education in Scotland, is it too much to expect that the Ministry might justify its dogmatic statement that "a six-stream school (900 places) would be the absolute minimum below which the application of the multilateral principle would become unreal"?

SHENA P. SIMON.

THE SCARBOROUGH REPORT—Report of the Interdepartmental Commission of Enquiry on Oriental, Slavonic, East European and African Studies (H M S O 3/-)

"Better fifty years of Europe than a cycle of Cathay", wrote Tennyson, voicing the general belief of his time in commerce, civilisation as known in Europe, and PROGRESS. The comforting beliefs of the nineteenth century have been modified, if not shattered, in the process of two world wars, and have given place to views more humane, and more in accordance with facts, even if they are less optimistic. The Report of the Scarbrough Committee, appointed by Mr. Eden in 1944, throws considerable light on the circumstances which allowed ignorance to prevail for so long.

It is extraordinary that the British people, who for so long have had such widespread and varied contacts with the outside world, should have developed so slight an interest in other civilisations. Islamic studies, stimulated by the Crusades and by commerce, have received attention over the longest period, Chairs of Arabic being founded in Cambridge in 1632 and in Oxford, by Archbishop Laud, in 1636. Russian also aroused interest at the same time, but found no place in the Universities until the late nineteenth century. Persian was studied by the servants of John Company in India, and Chinese in the consular service, while African languages have been systematised by British scholars and learnt by thousands of colonial civil servants. But on the whole, there has been, for obvious reasons, concentration on linguistic studies, and the whole field of Oriental, Slavonic and African studies has been regarded as separate from the normal scope of University life in this country.

What has been the result? The Scarborough Committee does not mince its words. We have been ignorant, it says, of the culture and the economy of the countries with which we fought during the war and with which we shall have to live through the peace. "The East makes great efforts to know and understand the West, and our interests and our traditions require that among the Western powers we of all people should reciprocate". We have done damage also to ourselves, by turning our backs on the fruits of the experience of other peoples, in many cases more ancient and in some ways more wise than ourselves—"Our culture is at present provincial in the sense that it is purely Western". If China is not to be found in a study of school history syllabi, if there is no post in Japanese anywhere in the United Kingdom outside the School of Oriental and African Studies, it is not surprising that we should be dubbed "provincial" after 300 years of empire.

The Report makes suggestions for the development of an academic tradition in Oriental, Slavonic and African studies which will be commensurate with their importance in the present-day world. Some steps along these lines have already been taken, particularly in the training of prospective colonial servants, but a very great deal remains to be done. This document should be read by all who have to deal in any way with either foreign or imperial problems, and not least by those responsible for the education of the British people themselves.

MARJORIE NICHOLSON.

BRITAIN AND HER EXPORT TRADE Edited by Mark Abrams. (Pilot Press 15/-)

The later two-thirds of this book is concerned with the trade between Britain and certain isolated countries or groups of countries, with certain of our own industries, including Shipping and the Tourist trade, and with special topics such as Design in Exports, Market Research and the Export Trade, and finally, Export Advertising. On the whole these are interesting, well-written chapters and the

book would be worth reading for these alone. They are, however, at the tactical level and are less important than the earlier chapters, which must be considered at greater length.

The book rightly starts from an examination of Britain's position in a world economy and the need to maintain the advantages of the international specialisation of labour on which Britain's prosperity and standards of life had been built over the past century and a half. It shows how this country came to depend on the return from overseas investments to bridge the gap between imports and exports. It does not, however, emphasise sufficiently that, apart from the disinvestment that took place during the 1914-18 war, the period from 1929 onwards was characterised by a steady eating into capital. This surely indicates a major crisis in the British economy quite apart from the exhaustion and strain of the last war.

The main theme of the chapter on Domestic Economic Policy and International Trade is the limitations on flexibility and choice of domestic policies imposed on any country which has a large share in world trade. It also points to the far-reaching and rapidly spreading consequences of economic instability in any important participant in world trade. There is, however, one particular aspect of this interrelation between domestic and external policy that deserves more attention than it has so far received. According to the author of this chapter the effect of full employment in Britain in 1938 would have been to increase the value of our imports by approximately £200,000,000. This takes into account the increase in prices that would follow from an increased demand for primary products. In some respects this is the crux of the British economic position.

The International organisations for trade are dealt with in a chapter on Bretton Woods and World Trade. This is not merely a description of the agencies but a cogent and forcefully argued justification, which is, however, too whole-hogging and can hardly be said to take the many criticisms of the World Trade Organisations into account. In particular the effect of non-discrimination on the volume of world trade is not sufficiently examined and this is the most serious blemish in the book. For if there is no active dissent from these monstrous limitations coming from this country how can we hope to convert American public opinion?

We cannot accept the concentration on the export drive, even accompanied by a slight increase in productivity, as the sole answer to Britain's economic problems. It is perfectly clear that there is a fundamental crisis in the structure of the British economy and that we must now think things out afresh and direct our energies to creating and tapping new sources of wealth, both at home and abroad. We must be prepared for strenuous measures if we are to regain or even maintain our standards of life.

J. P. V.

THE SOCIALIST CASE By Douglas Jay, with a Foreword by the Rt. Hon. Clement Attlee (Faber and Faber 12/6)

The appearance of Douglas Jay's book, first published in 1938 and now "revised and rewritten in the light of recent experience", is timely and welcome. The Prime Minister, in his foreword, says that "it is the aim of *The Socialist Case* to set out the basic philosophic arguments for collective management of our economic resources, under the ultimate authority of Parliament." The book is, in effect, an examination from a Socialist point of view of a large sector of economic theory and the social and economic institutions of society, commencing with a discussion of the philosophical assumptions of economic theory. I say "a sector of economic theory", because Douglas Jay deliberately concerns himself most with the focal points of full employment, the price system and financial policy. The book is lucid and informative, its theory is always closely related to facts, and its contribution to many points of discussion is original. Above all the author, who has the advantage of first-hand knowledge of the problems of planning, writes with a sane judgment, and an ounce of judgment can in economics often be worth a pound of ingenuity.

I have written enough to show that *The Socialist Case* is definitely a book to be read by and recommended to anyone interested in economics or socialism, or both. And yet it does not achieve all that it might have done: certainly the original work has been revised and rewritten and on many topics its comment is

highly contemporary, but its emphasis remains the same as the emphasis, alas, of most economic theory since Keynes. That is to say its analysis of employment problems is mainly in terms of unemployment arising from demand-deficiency, and the major monetary problem it envisages is that of avoiding deflation—references to inflation are almost incidental. Not, of course, that the Keynesian analysis has been falsified by the passage of time, but the context in which it now needs to be stated is, in this country at any rate, not one of deflation and unemployment. True, even under a Government pledged to a full employment policy and aware of the necessary steps to implement it, we cannot rule out the possibility of major unemployment—but such unemployment, if it were to occur under this Government, would arise not from a maladjustment of savings and investment but from inability to buy from abroad the necessary raw materials to keep our industries fully employed, or from under-production in key industries at home, such as coal. Yet Douglas Jay's references to foreign trade problems are, again, almost incidental. I know that Mr. Jay is well aware of the points just made and could justly claim that the purpose of his book, to state the case for planning against *laissez-faire*, entitles him to confine himself to the essential points at issue. Certain abstractions, and the assumption of a closed economy (i.e., a self-sufficient economy without foreign trade), are legitimate economist's devices. To dispense with such abstractions and assumptions might, in fact, merely confuse the issue. I am not therefore making perfectionist criticisms of *The Socialist Case*, but pointing out that there is still room for important Socialist works on economic affairs.

As regards points of detail it would be difficult to quarrel with Douglas Jay's consistent accuracy and good sense. I can recall only two in the book which struck me as questionable—his emphasis on the extent to which a general rise in living standards is possible through redistribution of the national income (though, of course, much has been and can be done in this way) to the comparative neglect of the potentialities of total increased production, and what seems an over simplification of the problem of the undermanned industries. "It (the Government)", he writes, "should be prepared to intimate in which specific industries it thinks higher wages necessary in the national interest. This is the simple solution of the much advertised problem of 'wages policy' under a Socialist Government." But the problem (apart from other limitations to the mobility of labour) is not to induce wage increases in some industries, but to discourage parallel wage increases in other less vital industries, which destroy the wage-differential. But let me not descend to pinpricks. *The Socialist Case* in its new form is the best and most up-to-date book of its kind for the library, the teacher, student and general reader.

"QUINTUS."

● SHORTER NOTICES

SOME PROPOSALS FOR CONSTITUTIONAL REFORM By A Group of Conservatives (Eyre & Spottiswoode 1946 7/6)

In this book eleven Conservatives, including four M P's, consider the electoral system, machinery of Government, including the Cabinet system, reform of the House of Lords, the civil service and questions of defence, foreign policy and administrative law and the relationship of the State to industry.

They are somewhat obsessed with remedying what they consider to be the mistakes in the pre-war approach to defence questions—one might indeed almost think they expected another war in a year or two! But this apart, the book is a careful and intelligent short analysis of important problems and shews that some Tories have moved since 1932. While not, I expect, acceptable to the Labour Movement, their proposals for reform of the House of Lords are much more progressive than any previously produced by Conservatives. R. S. W. P.

MUNICIPAL HEALTH SERVICES By Norman Wilson, M A, Dipl. P A (George Allen & Unwin 178 pp. 7/6)

To professional lay administrative officers and students of social services, this book presents in a comprehensive form the practical application of the principal Public Health legislature affecting personal health.

Opening with a brief historical review, the author proceeds to detail the every-day work of the principal Public Health Services, and the powers possessed by the Committees concerned. All this information he accomplishes in an amazingly small compass. His chapters on administrative machinery are sound, and he gives a clear exposition of the relationship which local authorities bear to the central government. Presented at a time when the National Health Services are before the public eye, this little book will be found of value to all those persons directly concerned with public health administration, and those interested in the subject, both lay and professional. W. S.

ROAD TO REACTION By H. Finer (131 pp. Dobson 8/6)

Two years after Hayek's *Road to Serfdom* comes Dr. Finer's counterblast. It lacks the advantage which the shorter refutations by Hayek's other colleagues, Tawney and Beales, had in being published nearer the first appearance of Hayek's book. In compensation, it had more space for detailed criticism of Hayek's thesis, and is in a form suitable (with a few more scarifying phrases than our libel laws, plus Hayek, allowed in England) for publication in the U.S.A. Finer's book was the more necessary there. Even without the phrases Hayek threatened as actionable if published in England, the book remains a breezy romp in which we are exhilarated by the spectacle of Finer ripping across each of Hayek's theories, cheerily sitting on his head, dynamiting him from beneath. It is as savage and at the same time as urbane as the *Letters of Junius*. D. M. S.

COMMUNITY PLANNING FOR PEACETIME LIVING (Stanford University Press 8/6)

The "Workshop of Community Leadership" was established by Stanford University in 1945 and designed to assist volunteer lay leaders to preface themselves more effectively for community service and to encourage discussion of new plans of action. Among the organisations represented at its first meeting were such various bodies as the Red Cross, the Boy and Girl Scouts, the Congress of Parents and Teachers, the Chamber of Commerce, the California Farm Bureau and the State Re-employment and Reconstruction Commission. As members are under no illusions as to "a golden past", nor as to the greater difficulties of planning for peace than for war, they are fully aware that, despite certain shortages, conditions of living for the masses have been raised since the war far above the level thought before to be possible. They have no wish to return to the *status quo*, but are out to create a new and better world. B. D.

(Continued on p. 44)

PUBLIC FINANCE By Ursula K. Hicks (Nisbet and Cambridge University Press 10/6)

"As the economic functions of government expand, the technical aspects of finance, of public accounting and of the control of expenditure, assume a new importance." One cannot but agree with this quotation from the preface and in this book of some 400 pages the reader will find a mass of useful information and many stimulating ideas for the modest sum of 10/6. It is written for the "ordinary reader and the uninitiated student" and considering the somewhat technical nature of the subject maintains interest tolerably well.

Throughout the emphasis is on financial administration and accounting rather than economic theory. The book is divided, like ancient Gaul, into three parts. Part I deals with the nature and control of Public expenditure and describes the Public Accounts. Part II is devoted to taxation, both local and national, and contains some views which will not be universally accepted; absenteeism, we find, is held to have been considerably stimulated by the discovery that you get a refund of tax under P.A.Y.E. when you stay away from work. High taxation of the rich is criticised on the ground that "maximum effort is more necessary in the national interest among the leaders of industry, etc., than among the manual workers."

Part III deals with the place of public finance in the national economy and is full of interest. It describes the budgetary machinery for achieving full employment and urges reform in the method of presenting the public accounts. It tackles the problem of the accounts of nationalised industries which should be drawn up "to satisfy a vigilant and inquisitive body of citizens and not to put to sleep a body of impotent shareholders".

J. D.

SOVIET FOREIGN TRADE By Alexander M. Baykov (Princeton University Press [London: Geoffrey Cumberlege] 1946 11/6)

This is a valuable companion volume to Mr. Baykov's *Soviet Economic System*. Here he describes the evolution of the Soviet foreign trade system, and tries to explain how the system was working on the eve of the recent war. The attempt is not very successful: descriptions of the administrative machinery are all very well, but the absence of any critical evaluation makes these chapters unrewarding. The sections on trends in Soviet foreign trade, and the study of trade with the more important foreign countries, are much better; clear, concise and highly interesting. The tabular appendices could be improved by a clearer account of the complicated manipulations of the ruble in which export and import values are expressed. For all its faults, however, the book contains a wealth of material which will be welcomed by English students of Soviet economics.

G. D. N. W.

THE SPIRIT OF POST-WAR RUSSIA By Rudolf Schlesinger (Dennis Dobson Ltd. 8/6)

An apologia for the internal and external policy of the U.S.S.R. which, though not always convincing, is a welcome antidote to current hysteria. The author traces the modifications that Marxism, and early revolutionary ideas, have undergone, and examines the theoretical and philosophical bases of contemporary Russia. He rightly stresses the importance and success of the nationalities policy. All this is useful, and the whole subject deserves far more attention than it usually gets. But Mr. Schlesinger would have carried greater conviction if he had said more about, first, the cultural, political and religious background of pre-1917 Russia which has determined much of Soviet development; secondly, the activities of the communist party and the secret police; and thirdly, the corrupting influence of virtually absolute power on erstwhile revolutionaries whose long and uninterrupted tenure of office must be the envy of all non-Soviet politicians. This book is not easy reading, but there is much to be learned by those who persevere.

G. W.